

*Southeast Volusia Hospital District*

# CARLTON FIELDS

## Southeast Volusia Hospital District

Commissioners Guide for  
the Review of Proposals



*Southeast Volusia Hospital District*

# Introduction

- The purpose of this presentation is to provide a framework for analyzing the proposals received
- At this point in the process, the goal is to determine which responder is most closely aligned with the SEVHD/BFMC mission
- Included in this presentation are the following items:
  - Summary scorecard
  - Guide for reviewing the proposals
  - Review of additional items to consider
- The guide is meant to condense the vast amount of information included in each of the proposals



# We've Only Just Begun

This is just the beginning of the overall vetting process



- Initial Research and Evaluation of Proposals
- Respondent Interviews / Presentations
- Receive input from Key Stakeholders (e.g. Foundation, Community, Medical Staff, Employees, etc.)
- Extensive Due Diligence
- Final Evaluation and Consideration
- Informed Board Decision

# Instructions

- Review the summary scorecard for each Respondent. Each category is ranked 1, 2 or 3.
- **1 implies that the respondent did not commit to what we asked for in the RFP or that the respondent has not fully established the capability to perform the requirement for that particular category**
- **2 implies that the respondent met what was requested or satisfies the requirements for the particular category and describes specifically how and/or what is to be accomplished in clear detail**
- **3 implies that the respondent went beyond what was asked, or satisfies the requirements for that particular category in a superior manner, both quantitatively and qualitatively**

# Scorecard for Selection of Strategic Partner Finalists

Strategic Partner	Florida Presence	Community Benefit / Charity Care	Long Term Viability	Governance	Transaction Structure	Financial Terms of Proposed Transaction	Mgt Support & Systems	Sub-total
Halifax								
HMA								

**Scale:**

**3 = Outstanding**  
**2 = Satisfactory**  
**1 = Unacceptable**

# Scorecard for Selection of Strategic Partner Finalists

Strategic Partner	Investments: People, Facilities, Technology	Medical Staff / Physician Recruit	Support Local Economy	Employee Retention	Managed Care Contract	Required Approval	Pg 2 Sub total	Total
Halifax								
HMA								

**Scale:**

**3 = Outstanding**

**2 = Satisfactory**

**1 = Unacceptable**

# Response Comparison Chart

## Halifax

- Interlocal Agreement
  - Current lease between District and Hospital remains in place.
  - Lease is amended to have Halifax as the sole member
  - Hospital Board would have equal number of members appointed by SEVHD and Halifax (50/50 governance) (governing board)
  - Halifax maintains reserved powers
- 25 year term lease with renewal options
- No Cash Payment to District
- \$65 million Capital Commitment over first 10 years of lease
  - \$35 million (years 1-5)
  - \$30 million (years 6 – 10)
- Assumption of \$28.6 of SEVHD debt (capital lease, unfunded pension, working capital loan)
- Anticipate reduction of tax support

## HMA

- Lease - 30 year term with renewal payment
- Board of Trustees
  - Advisory board (not governing)
  - Final authority on Medical Staff credentialing
- Acquire the assets and operations excluding working capital and all liabilities.
  - Excluded: current assets, investments, retained assets, etc.
- \$50 million lease payment plus value of inventory
  - District will pay off long term debt, capital leases, and interest bearing debt and fund any pensions plans
- \$40 million Capital Commitment over first 10 years of lease (\$15 million in first 5 years)
- Hospital will pay taxes
- Anticipate elimination of tax support

# Response Comparison Chart

## Halifax

- Interlocal Agreement
  - Current lease between District and Hospital remains in place.
  - Lease is amended to have Halifax as the sole member
  - Hospital Board would have equal number of members appointed by SEVHD and Halifax (50/50 governance) (governing board)
  - Halifax maintains reserved powers
- 25 year term lease with renewal options
- No Cash Payment to District
- \$65 million Capital Commitment over first 10 years of lease
  - \$35 million (years 1-5)
  - \$30 million (years 6 – 10)
- Assumption of \$28.6 of SEVHD debt (capital lease, unfunded pension, working capital loan)
- Anticipate reduction of tax support

## HMA

- Joint Venture
- New LLC
  - 80% HMA; 20% SEVHD subsidiary
  - Board of Directors (8 members: 4 SEVHD; 4 HMA)
  - HMA will have right to break deadlocks
- HMA will manage LLC under contract for 5% of net revenue management fee
- Hospital will pay taxes
- Further legal review is needed to determine whether this structure is acceptable under Florida law
- Anticipate eventual elimination of tax support



# Florida Presence

## **RFP Ask**

- What experience does Respondent have in operating in Florida?
- How will Hospital benefit from Respondent's existing operations in Florida?

# Florida Presence: Specific Responses

## Halifax

- 3 hospitals in Florida
- A Community cancer treatment center with 3 outreach locations, a hospice company, a home health company, a preferred provider organization, and an ambulatory surgery center
- Has entered into Joint Venture with Brooks Rehab – 40 bed comprehensive rehabilitation unit to open in September 2013
- By partnering with Halifax BFMC will benefit in 4 primary areas, including:
  - access to Halifax corporate and clinical resources,
  - realization of meaningful cost savings to reduce ad valorem taxes,
  - service line development, and
  - employment advancement opportunities

# Florida Presence: Specific Responses

## HMA

- HMA is a Florida corporation with its headquarters in Naples, FL
- 22 hospitals in Florida
- 4 hospital partnerships in Florida with not for profit health systems (St. Cloud Medical Center with Orlando Health, Shands-Starke, Shands-Live Oak, and Shands-Lake Shore)
- Announced partnership with Bayfront Medical Center in St. Petersburg
- 32 hospitals in southeastern United States: Georgia (3), Alabama (2), Mississippi (11), Tennessee (9), Arkansas (2), South Carolina (2), and North Carolina (3)
- BFMC will benefit from HMA's purchasing power and negotiating strength
- HMA is approaching BFMC with Orlando Health as a Clinical Affiliated Partner, and plan to take advantage of all opportunities to link with Orlando Health to ensure optimum service expansion at BFMC

# Community Benefit / Charity Care

## **RFP Ask**

- How would Respondent enhance and maintain at least the same mix and level of services currently offered?
- How would Respondent reduce outmigration of patients?
- What are the priorities of the Respondent's service area development plan?
- What are the Respondent's current charity care and bad-debt policies?
- Describe experience with underserved communities

## **Questions to Consider**

- Does respondent agree to accept BFMC's charity care policy?
- What are the terms of any alternative approaches?



# Community Benefit / Charity Care: Responses

## Halifax

- BFMC will have access to financial and human resources, capital for facility improvements, physician coverage for needed specialties, recruiting opportunities through Halifax residency programs, expansion of prenatal care, economies of scale, malpractice insurance for medical staff
- Halifax intends to provide the same level of care as currently provided at BFMC – full service community based hospital
- Halifax intends to implement a “System of Care”
- Hospice services will be provided
- Commit to work with BFMC management and medical staff to identify new/needed services
- Will work with medical staff to identify reasons residents leave area for services and reduce outmigration through the enhancement of services identified as key to retention
- A potential challenge is perception that Halifax is motivated to migrate patients from SEVHD to Halifax. Halifax believes the proposed relationship will dispel this perception
- Overriding priority for Halifax is to have the most positive impact on the health status of our residents possible
- Programs and services are available to entire community regardless of ability to pay. Charity and self-pay discount programs utilize the Federal Poverty Level for qualification

# Community Benefit / Charity Care: Responses

## HMA

- Will retain all existing clinical services as required to be licensed as an acute care hospital in Florida
- When specifically delineating the services it will provide HMA does not indicate that the Hospital will provide oncology, pulmonary or digestive disease services.
- Will look closely at out-migration to determine where there is opportunity to expand services that are needed
- To reduce outmigration, each services line is constantly reviewed to determine what the capabilities and service gaps are locally, and invest in technology, physician capacity, and clinical linkages with tertiary partners to ensure the service is provided locally
- Believes there are no regulatory reasons a transaction would not close timely. Can generally close a transaction within 2 months of a definitive agreement being signed
- Priorities are developed in collaboration with the Medical Staff and Board leadership and are data-driven. First priority is to conduct a physician and service needs assessment
- HMA will adopt BFMC's existing indigent care policy and also apply HMA's internal policy of discounting uninsured patient bills by at least 60% upon discharge
- HMS's hospitals rank 3<sup>rd</sup> in the state in the provision of Medicaid and Charity Care in Emergency Departments

# Long Term Viability

## **RFP Ask**

- Describe financial and operational strengths
- Describe how the Resulting Organization will reduce or eliminate the tax burden for the District's taxpayers

# Long Term Viability: Specific Responses

## Halifax

- Has \$427 million in unrestricted cash and investments
- A- credit rating from Standard & Poor's and a BBB+ credit rating from Fitch Ratings
- Fiscal year 2012 EBITDA margin of 11.4% (\$60 million)
- No financing contingencies for the proposed transaction
- Since 2007 has reduced its millage by 54.5% and the absolute tax levy by 71.0%
- Anticipate the following maximum payments from SEVHD
  - Year 1 – (\$12.0 million); Year 2 – (\$10.8 million); Year 3 – (\$9.6 million); Year 4 – (\$ 8.4 million); Year 5 – (\$7.2 million)
  - Thereafter payment shall be calculated by BFMC's cost to charge ratio to the charges for uncompensated care



# Long Term Viability: Specific Responses

## HMA

- Has \$5.8 billion in net revenue for 2011 and cash and credit lines exceeding \$700 million
- Estimate capital spending at a minimum of \$15 million over 5 years at BFMC. HMA expects to exceed the estimated amount in the first 2 years with service expansions
- No financing contingencies for the proposed transaction
- Commits to end the tax contribution from the District as soon as possible
- As a tax paying organization, the County will receive new tax revenue from HMA

# Governance

## RFP Ask

- Describe the proposed governance structure
- What is proposed relationship between Hospital's current governance structure and Respondent's board?
- How would local board have influence on and decision making authority on matters that impact the community?
- How does proposed structure offer accountability to the communities served?

# Governance: Specific Responses

## **Halifax**

- Interlocal Agreement (§163.01, F.S.)
- Halifax would become sole member of BFMC, Inc.
- BFMC, Inc. continues to hold all licenses and certifications
- Will retain the name Bert Fish Medical Center
- Remain subject to all Florida's open government laws
- BFMC, Inc. would be governed by a board with an equal number of members appointed by Halifax and SEVHD (50/50 governance)
- SEVHD gets deciding vote if deadlock concerning reduction or elimination of BFMC services or Medical Staff credentialing
- Halifax would get deciding vote in all other deadlock situations

# Governance: Specific Responses

## **Halifax (cont.)**

- Halifax Reserve Powers over the operation of BFMC, Inc.:
  - Selection and retention of CEO, CFO, and other officers
  - Approval of operating and capital budgets
  - Approval of strategic plans
  - Approval of mergers, acquisitions, affiliations or sales of material assets
  - Modification of existing debt, leases or similar encumbrances
  - Exercise of options of the amended lease with SEVHD
  - Change of the corporate structure of BFMC, Inc.



# Governance: Specific Responses

## HMA

Will establish a community Board of Trustees: an advisory board which will guide HMA local leadership without the burden of being fiduciary members.

- Comprised of local community leaders, physician representatives, and Hospital CEO
- 9-13 members: 60% lay members and 40% physicians
- Establishes strategic direction
- Oversight for regulatory compliance (JCAHO, State, CMS) and patient safety
- Ensures quality of care and Medical Staff credentials
- Collaborates on operational objectives
- Serves as community liaisons and communication champions
- Interaction with and access to HMA leadership
- HMA recommends that SEVHD have at least 2 full time members on the new Board through the duration of the long term lease

# Transaction Structure

## **RFP Ask**

- Provide major terms of the transaction, including:
  - If Lease:
    - Term
    - Lease Payment Schedule
    - Renewal Options
    - Other Key Terms
    - Governance Structure
  - If Joint Venture Partnership
    - Governance Structure
    - Ownership Percentages for each party
    - Management arrangement and related fees
    - Reserve Powers for each party
    - How future cash distributions and capital expenditures will be calculated and handled

# Transaction Structure: Specific Responses

## **Halifax**

- SEVHD and Halifax will enter into an Interlocal Agreement whereby Halifax becomes the sole corporate member of BFMC, Inc
- The existing lease between SEVHD and BFMC shall continue in effect with certain modifications and amendments and shall be incorporated into the Interlocal Agreement
- Modifications to the Articles of Incorporation and Bylaws of BFMC, Inc. will be made to reflect the provisions of the Interlocal Agreement
- Lease term shall be an initial 25 year term with renewal options

# Transaction Structure: Specific Responses

## HMA LEASE

- HMA will acquire through the long term lease the operations, plant, property and equipment, and inventory of BFMC. All other assets will be retained by SEVHD
- Using the lease proceeds, SEVHD will pay off all long term debt, capital leases and interest bearing debt and will fund any defined pension plans it may currently hold
- Excluded assets are current assets, investments, retained assets, etc.
- All liabilities will be retained by SEVHD
- 30 year lease term with 30 year renewal
- The new partnership will be a tax paying Florida LLC with a Clinical Affiliation Agreement with Orlando Health



# Transaction Structure: Specific Responses

## HMA

### JOINT VENTURE

- Florida tax paying LLC with 80% owned by HMA and 20% held by a 501(c)(3) subsidiary of SEVHD
- LLC will have a board of directors of 8 members: 4 members from HMA and 4 from SEVHD subsidiary
- HMA will manage the LLC under contract and charge a 5% of net revenue as a management fee
- HMA will have right to break deadlocks in majority and major decisions.
- In the case of a deadlock being broken, BFMC will have the reserve rights to change their ownership position in the LLC
- A unanimous decision will be required: Amendment to management agreement, redemption of interest, changing business purpose, change of articles of incorporation, declaration of bankruptcy, change of classification for tax purposes, definition of charity care, distributions other than cash.

# Financial Terms of Proposed Transaction

## **RFP Ask**

- Confirmation of facilities and assets subject to the proposed transaction
- What is the proposed purchase price or lump sum lease payment?
- How will Respondent reduce or eliminate the tax burden of the tax-payers of the District?

# Financial Terms of Proposed Transaction: Specific Responses

## Halifax

- Capital commitment (\$35 million for first 5 years of lease)
- Additional anticipated capital investment (\$30 million for years 6 through 10 of lease)
- Assumption of capital lease obligation (\$12 million)
- Assumption of unfunded pension obligation (\$8.9 million)
- Assumption of working capital loan (\$6.2 million)
- Reduction of ad valorem taxes over term of lease (\$338.4 million)

*Halifax believes the total financial value is approximately \$376.8 million in total value with a net present value of \$205.7 million*

# Financial Terms of Proposed Transaction: Specific Responses

## HMA

### LEASE

- The one-time lump sum lease payment will be \$50 million in cash at closing plus the supply inventory valued at closing
- HMA expects to eliminate the need for the tax subsidy for the hospital, so tax payers in the community will be receiving an additional benefit of tax relief of nearly \$15 million per year in addition to the new taxes they will receive from the conversion of the hospital to a tax paying entity
- 30 year renewal with payment determined by fair market valuation

# Management Support & Systems

## **RFP Ask**

- How would Respondent enhance clinical quality and patient satisfaction?
- How would Respondent enhance Hospital employee's and physician recruitment, retention, and satisfaction?
- How would Respondent provide continuing education and staff development?
- How will Respondent provide and enhance support for the management team and clinical staff?
- Identify protocols and procedures your organization has to ensure compliance with applicable laws.
- Is your organization subject to a corporate integrity agreement, settlement agreement with a governmental entity or subpoena which would have an effect on the going-forward operations of the Hospital?

## **Background; Questions to Consider**

- What metrics are Respondents focused on?



# Management Support & Systems: Specific Responses

## Halifax

### Clinical Quality and Patient Satisfaction

- BFMC, Inc. and Halifax both utilize Meditech as their core information system
- The Resulting Organization will have access to Halifax coordinated clinical integration and quality improvement initiatives through the arrangement with Orlando Health
- Additional support will be available through VHA Southeast benchmarking, best practice sharing, and the Halifax Disney Institute initiative.

### Employee and Physician Satisfaction

- Commits to further developing and aligning BFMC Medical Staff. Medical Staff members will maintain their privileges in the same status as prior to the Commencement Date

# Management Support & Systems: Specific Responses

## Halifax

### Continuing Education & Staff Development

- Medical Library/Educational Services provide targeted, real-time data to staff and physicians
- CME programs are provided for many professional specialties
- Accredited by the Florida Medical Association to be a provider of category 1 physician Continuing Medical Education (through 2016) as well as Con-Ed for nursing licenses
- Regular physician CME provided through weekly Grand Rounds and Surgical Rounds and monthly Pulmonary Thoracic Tumor Conferences
- Offers extensive tuition reimbursement and tuition loan programs

### Support of Management & Clinical Staff

- Affiliation would allow the management team and clinical staff to work together to share expertise, knowledge and basic manpower where shortages or needs might arise
- Use structured approach to leadership development and talent management
- Halifax Leadership Academy formal leadership and management developing process

# Management Support & Systems: Specific Responses

## **Halifax**

### Protocols & Procedures for Compliance

- Every employee signs a Code of Conduct that is renewed annually
- Provides specific education during orientation process of new employees with an annual educational update process tracked for every employee
- Halifax Corporate Compliance Officer gives regulatory/legislative updates regularly

### CIA, Settlement Agreement, or Subpoena

- Halifax is not under any corporate integrity agreement or settlement with a government entity
- Received a subpoena in 2008 related to Kyphoplasty (action is still pending).
- In 2009 received 2 subpoenas related to a Qui Tam action filed in June 2009. (action is still pending)
- Halifax does not believe either of the pending actions will have an effect on the operations of BFMC

# Management Support & Systems: Specific Responses

## HMA

HMA's Professional Service Agreement (charges a 5% of net revenue fee and charges payroll and benefit costs of CEO, CFO, CNE, and COO to the hospital)

Services Provided through HMA's Professional Service Agreement:

- Budgeting
- Business Office Services
- Capital financing
- Cash flow management
- Clinical outcomes
- Compliance
- Construction planning
- Employee benefits
- Executive management
- Executive recruitment
- Health information services
- HIPAA
- Human resources
- Legal
- Lobbying
- Malpractice liability insurance
- Managed care contracting
- Management information services
- Media relations
- Operational finance
- Performance improvement
- Physician employment
- Physician practice management
- Physician recruitment
- Reimbursement
- Risk management
- Staffing
- Strategic planning
- Supply purchasing

# Management Support & Systems: Specific Responses

## HMA

### Clinical Quality & Patient Satisfaction

- HMA is ranked 3<sup>rd</sup> in the nation on Medicare Clinical outcomes
- 41 HMA hospitals recognized by Joint Commission as top performers on key quality measures in its 2012 report on quality and safety
- Uses clinical measurement tools from Thomson Reuters (Nuveen) beyond Medical Clinical Outcomes to establish benchmarks and improve quality

### Employee and Physician Satisfaction

- HMA executes a comprehensive customer measurement and improvement strategy for Associate, Physician and Patient perceptions
- Patient surveys administered continuously. Physician and Associate surveys administered every 12-18 months
- Physician on-board survey administered to any new physician after 90 days



# Management Support & Systems: Specific Responses

## HMA

### Continuing Education & Staff Development

- Provide CME in areas ranging from improving clinical quality to new innovation
- Chief Nursing Executive is involved with corporate Nursing Leadership Council in development of pilot program to test new ways of nursing care delivery.
- Employee benefit package includes tuition reimbursement, health and dental insurance and prescription drug plan, life insurance with additional optional life insurance available, dependent life insurance, disability insurance, vision insurance, 401k pension plan, voluntary AFLAC benefits, flexible spending accounts, sick, vacation and holiday benefits.
- Utilizes Press Ganey to measure and improve Associate satisfaction.

### Support of Management & Clinical Staff

- BFMC leadership will report to HMA's South Florida Division CEO Kathy Burke
- Role of Division CEO is to ensure each local management team has the corporate resources and coordination they need in order to achieve their strategic objectives.
- Corporate structures are utilized to benchmark performance provide support to the hospital

# Management Support & Systems: Specific Responses

## HMA

### Protocols & Procedures for Compliance

- HMA's Code sets forth the basics of ethical conduct, describing expected behaviors and recommended courses of action. The Code is updated periodically to respond to changing conditions
- Maintains a number of detailed policies and procedures that provide further guidance

### CIA, Settlement Agreement, or Subpoena

- HMA is not subject to a corporate integrity agreement
- HMA was served subpoenas on May 16 and July 21, 2011. HMA believes the subpoenas may have originated as a result of qui tam lawsuits
- Subpoenas on February 22 and 24, 2012 were served on certain HMA hospitals having contractual relationships with Allegiance Health Management
- HMA maintains a compliance program operated by an experienced former Special Agent with the FBI and has engaged independent outside counsel to conduct an independent review to ensure continued full compliance

# Investments in People, Facilities & Technology

## **RFP Ask**

- Describe Commitment regarding investment in people/providers, technology, and facilities over a 5 year period and a 10 year period
- What portion of cash flow will be invested in the Hospital and its service area?

# Investments in People, Facilities & Technology: Specific Responses

## **Halifax**

- During first 5 years of the lease, BFMC, Inc. shall first allocate not less than \$35 million in EBITDA for the funding of Capital Improvements
- If EBITDA is not sufficient, Halifax shall contribute to BFMC, Inc. the difference between actual capital improvements funding and \$35 million
- Specific commitments will be developed in conjunction with BFMC medical staff and BFMC, Inc. Board
- After initial 5 years, approximately 70% (\$6 million per year) of cash flow before management fee or comparable corporate overhead expense will be spent on reinvestment in the hospital and its service area

# Investments in People, Facilities & Technology: Specific Responses

## HMA

- HMA proposes to invest at least \$15 million in capital spending over the first 5 years and \$40 million over a 10 year period
- Capital priorities will be driven by an assessment of need at the front end, and by working with the medical staff and Board of Trustees to determine where the greatest need is
- The investments will be generated from operational cash flows (not new debt)
- HMA expects to eliminate the need for the tax subsidy for the hospital, so tax payers in the community will be receiving an additional benefit of tax relief of nearly \$15 million per year in addition to the new taxes they will receive from the conversion of the hospital

# Medical Staff / Physician Recruitment

## **RFP Ask**

- How would Respondent support the Hospital's ability to align effectively with members of its Medical Staff?
- Describe what physician integration models will be integrated at the hospital
- How would Respondent improve Hospital's ability to recruit physicians?
- What is your approach for strengthening community-based practices and the Hospital's owned practices?



# Medical Staff / Physician Recruitment: Specific Responses

## Halifax

- Would continue to extend sovereign immunity to BFMC, Inc
- Would provide BFMC, Inc. medical staff with access to Halifax's physician-owned malpractice insurance company
- Utilizes multiple models to develop physician alignment including employment, co-management, and program development to find best fit for each specialty and physician
- Has a formal Physician Relations and Recruitment Department offering comprehensive human and technological resources
- Would offer new physicians CME programs, teaching program with medical students, residents and fellows, research opportunities and collaborative, consultative relationships with physicians on the Halifax staff. Halifax's on-boarding process for new physicians would also be made available to BFMC
- Has provided physicians access to group purchasing arrangements to reduce physician office operating cost and involves all physicians in the development of promotional material to educate the public on service availability

# Medical Staff / Physician Recruitment: Specific Responses

## HMA

- HMA would spend considerable time with marketing executives and physicians from BFMC in implementing existing programs and adding resources to complement strategy
- HMA currently utilizes an employment model
- HMA actively recruits more than 1,000 new physicians to their hospitals annually using a combination of Home Office, Group, and hospital resources in conjunction with in house and external recruitment leaders
- HMA will first develop a physicians needs assessment with BFMC medical staff, then implement an action plan to fill those needs in collaboration with the existing medical staff
- HMA has an extensive network. Because of HMA's size, residency programs and medical schools seek to partner with HMA
- HMA is currently developing an affiliated services model that offers support to physicians in independent practices that prefer not to be employed. HMA is currently developing a three phase approach to introduce a portfolio model of services to independent physicians

# Support of the Local Economy

## **RFP Ask**

- How would Respondent remain active in the community?
- Would the Respondent commit to the continued operation of the Hospital as an acute care hospital in the community?
- What is the basic outline and resources for the marketing and communication plan for the community?

## **Background; Questions to Consider**

- What is Respondent's involvement with civic organizations, regional planning and economic development?
- How would the Hospital's market position and perception in the community be strengthened?

# Support of Local Economy: Specific Responses

## Halifax

- Halifax has been involved in the Halifax Area Chamber of Commerce, the Civic League, United Way, various city government positions, boards of community service organizations and a number of humanitarian charitable organizations
- Halifax is engaged in the community through multiple avenues including: Annual Dinner Committee Member – Council on Aging, Bethune Cookman University Board of Counselors, Board Member – Daytona State College School of Technology, (complete list is in the full text of the Halifax Response)
- Halifax commits to continuing operation of BFMC subject to mutually agreed lease terms outlined in the proposal
- Marketing and communication plan details will be developed in conjunction with BFMC medical staff and leadership

# Support of Local Economy: Specific Responses

## HMA

- HMA's mission is to enable America's best local healthcare by replacing capital, adding services, recruiting physicians and expanding market share which ultimately adds jobs with a strategic plan to reverse outmigration of patients to Orlando and Daytona
- Examples of community organizations that HMA supports are: American Cancer Society, American Lung Association, YMCA, Big Brothers Big Sisters, Habitat for Humanity, and American Heart Association (more complete list is in the full text of the HMA Response)
- HMA will contractually agree to maintain the hospital as an acute care hospital throughout the duration of the lease
- HMA will provide marketing and communication resources from the Naples Home Office in collaboration with BFMC's local marketing and communication department

# Employee Retention

## **RFP Ask**

- Will Respondent support the hiring of all employees of the Hospital in good standing?
- How will Respondent preserve existing commitments to current employees of the Hospital?
- How will Respondent enhance Hospital employee satisfaction?

## **Questions to Consider**

- Whom does the Respondent intend to hire?
- How long do they agree not to terminate any employees, except for cause?



# Employee Retention: Specific Responses

## Halifax

- Wants to retain current employees and build upon the existing team's commitment to BFMC and Southeast Volusia County
- Present employees in good standing will continue employment post commencement with substantially equivalent compensation and benefits
- Measurement of employment considerations would occur through the record of continued employment at year one following the transaction
- This would include the number of employees retained at BFMC, or elsewhere in the combined system, the number separated voluntarily, the number separated involuntarily and an annual employee survey

# Employee Retention: Specific Responses

## HMA

- Will offer employment to all BFMC's employees in positions and at comparable compensation levels provided by BFMC immediately prior to the closing date
- Shall provide comprehensive employee benefits program at least as favorable as those offered by the company to similarly-situated employees at similarly-situated hospitals owned or leased by company
- Shall credit hired employees with all their employment service (seniority) for BFMC and its affiliates for purposes of vacation and vesting under company employee benefit plans
- Shall provide group health plan coverage and impose no greater or additional pre-existing conditions eligibility restrictions than apply to any employee for the current plan year under BFMC's group health plan
- Will credit employees for those year-to-date health plan deductibles already paid by employees under BFMC's group health plan

# Managed Care Contracting

## **RFP Ask**

- How would the Resulting Organization strengthen the Hospital's market position and enhance community and provider perceptions of its services?
- Please describe how the Resulting Organization might positively impact payor relationships for the Hospital.

# Managed Care Contracting: Specific Responses

## Halifax

- Halifax will continue to build on the market presence of BFMC through expanded service offerings and co-branding initiatives
- Combined market presence of BFMC and Halifax will create a strong geographic focus of two like-minded organizations sharing similar mission and focus on providing services to all residents of Volusia County
- BFMC will have access to the Halifax infrastructure and expertise to participate in risk-based contracts and thrive in a post-reform environment

# Managed Care Contracting: Specific Responses

## HMA

- A national managed care platform will enhance profile and awareness of BFMC across all managed care payors
- Clinical integration with Orlando Health will provide opportunity to invest in linkages with a tertiary partner
- Linkage to UF/Shands through HMA's existing clinical affiliations will provide opportunity to develop services using best protocols and academic research capabilities
- HMA has established a senior executive team to guide and promote alternative payment method programs with payor partners

# Required Approvals

## **RFP Ask**

### **Required Approvals**

- Provide a list of any necessary regulatory, corporate or other approvals required to consummate a transaction, along with a statement indicating your ability to secure such approvals in a timely manner
- Describe any federal or state limitations that might prohibit you from entering into an arrangement with the District



# Required Approvals: Specific Responses

## **Halifax**

### **Required Approvals**

- Halifax will be required to receive approval from the Halifax Board of Commissioners
- The Halifax Board has indicated its support of entering into an arrangement with SEVHD
- Halifax would be able to secure such approval in a timely manner
- Halifax anticipates AHCA will want to approve the change in control of BFMC
- An antitrust analysis would be prudent

# Required Approvals: Specific Responses

## HMA

### Required Approvals

- Final transaction will require final approval from the SEVHD, any Trusts controlling the existing lands and buildings, HMA's Board of Directors, and all local, State, and Federal regulatory approvals
- HMA believes it can have full approval in 120 days or less following execution of an exclusive Letter of Intent

# Additional Criteria to Consider

- Public Comments
- Foundation Comments
- Medical Staff Comments
- Respondent Interviews/Presentations
- The right “fit”



**CARLTON  
FIELDS**

# Contact Info



**James J. Kennedy, III**

Shareholder

Carlton Fields, P.A.

813.229.4379

[jjkennedy@carltonfields.com](mailto:jjkennedy@carltonfields.com)

4221 W. Boy Scout Boulevard

Suite 1000

Tampa, Florida 33607-5780